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**Office of Campaign Finance  
REPORTS ANALYSIS & AUDIT DIVISION  
WASHINGTON, DC**

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**THE COMMITTEE TO RE-ELECT CHARLENE DREW  
JARVIS  
POLITICAL CAMPAIGN COMMITTEE REVIEW  
2000 ELECTION YEAR**

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**REPORT NO. RAAD-02-0002-CDJ  
JUNE 2003**

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DATE: JUNE 25, 2003

REPLY TO

ATTN OF: RAAD-02-0002-J2

SUBJECT: Committee to Re-Elect Charlene Drew Jarvis  
Political Campaign Committee Review  
2000 Election Year

TO: Mr. Pedro Alfonso  
2176 Wisconsin Ave NW  
Washington, D.C. 20007-2280

This report presents the results of our audit of the Committee to Re-Elect Charlene Drew Jarvis (Committee). Our audit was designed to evaluate whether the Committee obtained and preserved from the date of registration, a detailed record of all contributions and expenditures disclosed in reports and statements filed with the Director of the Office of Campaign Finance. Our review disclosed that the Committee received individual contributions from a business entity and its wholly-owned subsidiary in violation of the District's campaign contribution limitations.

**BACKGROUND:**

The Committee to Re-Elect Charlene Drew Jarvis (Committee) filed its Statement of Candidacy, the Statement of Organization and the Statements of Acceptance for the positions of Treasurer and Chairman on January 22, 2000, with the Office of Campaign Finance (OCF), for re-election of Charlene Drew Jarvis to the Ward 4 Council seat. OCF records disclosed that during the period January 2000 through June 2001, the Committee reported receipts and expenditures totaling \$286,814.00.

The D.C. Campaign Finance Reform and Conflict of Interest Act of 1974, as amended, D.C. Official Code, Sections 1-1101.01 et seq., (2001 Edition), 88 Stat. 447, Public Law 93-376 (hereinafter the "Campaign Finance Act") was enacted by Congress on August 14, 1974, to provide a means of monitoring and enforcing campaign finance laws, and the financial disclosure of candidates and political committees in the District of Columbia. The primary goal of this legislation is to require that local candidates seeking election and treasurers of political committees make complete and full disclosures. Various

provisions of the Campaign Finance Act are clarified by regulations promulgated by the Office of Campaign Finance (OCF) with the approval of the Board of Elections and Ethics. OCF regulations are cited under Chapters 30 through 37 of Title III, "Elections and Ethics", of the D.C. Municipal Regulations.

#### OBJECTIVES:

The overall objectives of our review were to determine whether: (1) the Committee had established controls and procedures to ensure that expenditures were properly supported by invoices, cancelled checks and other supporting documentation; (2) the lease or rental of office space, furniture and equipment, etc. for the campaign were properly supported by a lease or rental agreement; (3) the Committee established procedures and controls to ensure that contributions received did not exceed the contribution limitation for the office being sought; (4) the committee's records disclosed the contributor's full name, mailing address, occupation and principal place of business; (5) the committee's records contained information on partnerships including a letter from the contributing partnership indicating attribution of contributions to specific partners; and (6) all activities of the Committee were conducted in accordance with the District's campaign finance laws.

#### SCOPE:

The audit was conducted in accordance with generally accepted government auditing standards and covered the campaign operations for the period, January 2000 through June 2001. The audit fieldwork began in January 2002 and ended in June 2002. The auditor obtained all records, reports and statements from the Committee as well as all information filed by the Committee at the Office of Campaign Finance (OCF). The audit fieldwork was performed at the candidate's campaign headquarters at 2176 Wisconsin Avenue, N.W., Washington, D.C.

#### METHODOLOGY OF AUDIT:

To accomplish the audit objectives we:

- Obtained and reviewed all records filed by the campaign with OCF;
- Obtained and reviewed all records and statements maintained by the candidate;
- Cross-checked payment invoices to bank statements and individual checks;
- Obtained copies of partnership agreements or certificates and/or any other documentation detailing the individual owner(s) and the percentage of ownership interest from the District of Columbia's Office of Consumer and Regulatory Affairs, the Department of Assessment and Taxation for the State of Maryland, and State Corporation Commission for the Commonwealth of Virginia.

### AUDIT RESULTS:

Our review disclosed that a business entity and its wholly-owned subsidiary gave individual \$500.00 contributions to the candidate's re-election campaign. As a result, the combined contributions exceeded the District's campaign contribution limitations for business entities whose corporate structure constitutes a parent-subsidary relationship.

D.C. Official Code § 1-1131.01 (a) (4) provides that no person can make a contribution in support of a candidate for a Council Ward that exceeds \$500.00.

3 DCMR § 3011.13 provides that a corporation, its subsidiaries, and all political committees established, financed, maintained or controlled by the corporation and its subsidiaries share a single contribution limitation.

3 DCMR §3011.14 provides that a corporation is deemed to be a separate entity; Provided, that a corporation (corporation B) which is established, financed, maintained or controlled (51% or more) by another corporation (corporation A) is considered, for the purposes of the contribution limitations, a subsidiary of the other corporation (corporation A).

### **Recommendation No. 1:**

Reimburse the campaign contributor for the excessive contribution given to the Committee.

### **Committee Response:**

The Committee agreed to and reimbursed the contributor the excessive contribution.

### **Audit Position:**

We accept the Committee's corrective action.

### **CONCLUSIONS AND REQUIRED COMMITTEE ACTIONS:**

Your June 26, 2003, response to the draft report has been included as Exhibit A of this report. In accordance with the Audit Division's policies and procedures, final action on this report is achieved upon issuance and there is no further action required by the Committee.

/S/

Richard Mathis  
Supervisory Auditor

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## EXHIBIT A – COMMITTEE'S RESPONSE TO DRAFT REPORT

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N. WILLIAM JARVIS  
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June 26, 2003

Mr. Richard Mathis  
Supervisory Auditor  
Office of Campaign Finance  
Frank D. Reeves Municipal Building  
Suite 420  
2000 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20009

Re: Committee to Re-Elect Charlene Drew Jarvis  
2000 Election Year Campaign Committee Review  
OCF Report Number: RAAD-02-0002-J2

Dear Mr. Mathis:

On behalf of the Committee to Re-Elect Charlene Drew Jarvis (the "Committee"), I am sending this letter in response to the singular finding of the Office of Campaign Finance ("OCF") regarding its Election Year 2000 audit of the Committee.

As a result of significant independent research conducted by OCF (research which was wholly unrelated to the activities of the Committee to Re-Elect Charlene Drew Jarvis), it has come to the attention of the parties that the Committee has received an excess contribution, as defined by OCR regulations governing parent-subsidiary corporations. The relevant regulation, 5 DCMR § 3011.13, provides that "a corporation, its subsidiaries, and all political committees established, financed, maintained, or controlled by the corporation and its subsidiaries share a single contribution limit."

The Committee received a \$500 contribution from D.C. Chartered Health Plan, Inc. (the parent corporation) as well as contributions from certain wholly-owned corporate subsidiaries of the parent. Until this parent-subsidiary corporate structure came to light as a result of OCF's independent work, the Committee was not aware of

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## EXHIBIT A – COMMITTEE'S RESPONSE TO DRAFT REPORT

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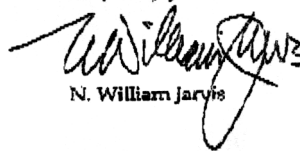
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Mr. Richard Mathis  
June 26, 2003  
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the parent-subsidary relationships between these contributors. Having now been made aware of the affiliation, in an effort to be in full compliance with all OCF regulations, the Committee shall correct the matter by immediately returning \$500 to D.C. Chartered Health Plan, Inc. This action comports with OCF's interpretation of the pertinent regulation and eliminates the sole deficiency uncovered by the OCF's audit.

If there are any other matters related to the Committee, please do not hesitate to contact me directly. I appreciate your attention to this matter.

Very truly yours,



N. William Jarvis

NWJ:st

cc: The Honorable Charlene Drew Jarvis  
Pedro Alfonso,  
Treasurer of Committee to Re-Elect Charlene Drew Jarvis